



Kazyna Capital Management JSC

Condensed Consolidated Interim
Financial Statements

for the six months ended 30 June 2022

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To Management and the Board of Directors of Kazyna Capital Management JSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Kazyna Capital Management JSC and its subsidiaries (the "Group") as at 30 June 2022, and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended, and notes to the condensed consolidated interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information as at 30 June 2022 and for the six months then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard (IAS) 34 *Interim Financial Reporting*.


Madina Magomedova
Audit Director

KPMG Audit LLC

Almaty, Republic of Kazakhstan

1 August 2022

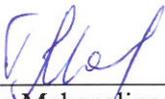
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KPMG Audit LLC, a company incorporated under the Laws of the Republic of Kazakhstan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Kazyna Capital Management JSC
Condensed Consolidated Interim Statement of Profit or Loss and other Comprehensive Income
for the six months ended 30 June 2022

KZT'000	Note	Unaudited For the six months ended 30 June 2022	Unaudited For the six months ended 30 June 2021
Interest income calculated using effective interest method	4	2,485,938	902,497
Interest expense	4	(579,645)	-
Net interest income		1,906,293	902,497
(Loss)/gain on assets at fair value through profit or loss	18(b)	(887,427)	4,109,842
Dividend income		439,427	41,910
Net foreign exchange gain	5	862,328	549,912
Income from government grant		71,174	-
Other operating (expense)/income		(530,582)	(48,442)
Operating income		1,861,213	5,613,776
Reversal of impairment loss on debt financial assets		39,006	149,355
Personnel expenses		(632,536)	(316,747)
General and administrative expenses		(501,352)	(306,265)
Profit before income tax		766,331	5,140,119
Income tax expense	6	(390,707)	(371,038)
Profit for the period		375,624	4,769,081
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Revaluation reserve for investment financial assets:			
- Net change in fair value, net of income tax		-	(11,013)
- Net change in fair value transferred to profit or loss		(155,173)	(12,233)
Other comprehensive income for the period, net of income tax		(155,173)	(23,246)
Total comprehensive income for the period		220,451	4,745,835

These condensed consolidated interim financial statements as set out on pages 5 to 38 were approved by management on 1 August 2022 and were signed on its behalf by:



 Gulnara Mukanalina
Deputy Chairman of the Board





 Raukhan Kutybayeva
Chief Accountant

The condensed consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 10 to 38.

Kazyna Capital Management JSC
Condensed Consolidated Interim Statement of Financial Position as at 30 June 2022

KZT'000	Note	Unaudited	
		30 June 2022	31 December 2021
ASSETS			
Cash and cash equivalents	7	32,755,082	21,492,027
Amounts due from credit institutions	8	7,695,774	5,417,308
Assets measured at fair value through profit or loss	9	164,742,615	165,529,982
- <i>Investments in joint ventures</i>		52,346,328	52,486,753
- <i>Investments in associates</i>		30,125,342	31,494,552
- <i>Other financial assets</i>		82,270,945	81,548,677
Loans to customers	10	3,773,193	5,867,054
Investment financial assets	11	7,791,546	13,528,179
Deferred tax asset		14,926	-
Current tax asset		1,491,860	1,881,907
Investment property		-	133,539
Property, plant and equipment and intangible assets		103,196	126,861
Other assets		180,227	250,369
Total assets		218,548,419	214,227,226
LIABILITIES			
Debt securities issued	12	50,281,453	49,732,173
Government grants	13	1,634,208	1,423,476
Deferred tax liabilities		-	148,286
Other liabilities		498,927	920,097
Total liabilities		52,414,588	52,224,032
EQUITY			
Share capital	15	112,761,730	107,761,730
Revaluation reserve for investment financial assets		(156,096)	(923)
Retained earnings		53,528,197	54,242,387
Total equity		166,133,831	162,003,194
Total liabilities and equity		218,548,419	214,227,226

The condensed consolidated interim statement of financial position is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 34.

Kazyna Capital Management JSC
Condensed Consolidated Interim Statement of Cash Flows for the six months ended 30 June 2022

KZT'000	Unaudited For the six months ended 30 June 2022	Unaudited For the six months ended 30 June 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest income	2,083,394	620,315
Dividends received	439,427	41,910
Personnel expenses payments	(632,536)	(430,188)
Other general administrative expenses (payments)	(922,522)	(462,352)
Other payments	42,010	280
(Increase)/decrease in operating assets		
Assets measured at fair value through profit or loss	(100,060)	(14,976,065)
Loans issued	1,999,333	-
Amounts due from credit institutions	(2,022,372)	17,311,850
Increase/(decrease) in operating liabilities		
Other liabilities	421,170	-
Net cash from operating activities before income tax paid	1,307,844	2,105,750
Income tax paid	(166,095)	(650,598)
Net cash flow from operating activities	1,141,749	1,455,152
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment financial assets	(4,000,000)	(15,029,700)
Sale and repayment of investment financial assets	10,001,090	2,132,728
Revenue from sale of investment property	223,700	-
Cash proceeds from the acquisition of subsidiaries	-	2,305,464
Purchases of property, plant and equipment and intangible assets	-	(1,198)
Net cash flows from/(used in) investing activities	6,224,790	(10,592,706)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid (Note 15)	(1,089,814)	-
Issue of ordinary shares (Note 15)	5,000,000	-
Net cash flows from financing activities	3,910,186	-
Net increase/(decrease) in cash and cash equivalents	11,276,725	(9,137,554)
Effect of changes in exchange rates on cash and cash equivalents	(13,670)	189,647
Cash and cash equivalents as at the beginning of the period	21,492,027	16,586,480
Cash and cash equivalents as at the end of the period (Note 7)	32,755,082	7,638,573

The condensed consolidated interim statement of cash flows is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 34.

Kazyna Capital Management JSC
Condensed Consolidated Interim Statement of Changes in Equity for the six months ended 30 June 2022

KZT'000	Share capital	Revaluation reserve for investment financial assets	Retained earnings	Total
Balance at 1 January 2022	107,761,730	(923)	54,242,387	162,003,194
Total comprehensive income				
Profit for the period, unaudited	-	-	375,624	375,624
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Net change in fair value transferred to profit or loss, unaudited	-	(155,173)	-	(155,173)
Total other comprehensive income, unaudited	-	(155,173)	-	(155,173)
Total comprehensive income for the period, unaudited	-	(155,173)	375,624	220,451
Transactions with owners, recorded directly in equity				
Dividends declared, unaudited	-	-	(1,089,814)	(1,089,814)
Shares issued, unaudited	5,000,000	-	-	5,000,000
Total transactions with owners, unaudited	5,000,000	-	(1,089,814)	3,910,186
Balance at 30 June 2022, unaudited	112,761,730	(156,096)	53,528,197	166,133,831

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 34.

KZT'000	Share capital	Unpaid capital	Revaluation reserve for investment financial assets	Retained earnings	Total
Balance at 1 January 2021	87,440,000	-	18,676	53,871,387	141,330,063
Total comprehensive income					
Profit for the period, unaudited	-	-	-	4,769,081	4,769,081
Other comprehensive income					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Net change in fair value, net of income tax, unaudited	-	-	(11,013)	-	(11,013)
Net change in fair value transferred to profit or loss, unaudited	-	-	(12,233)	-	(12,233)
Total other comprehensive income, unaudited	-	-	(23,246)	-	(23,246)
Total comprehensive income for the period, unaudited	-	-	(23,246)	4,769,081	4,745,835
Transactions with owners, recorded directly in equity					
Issue of shares related to business acquisition, unaudited	19,269,423	(1,537,853)	-	(345,974)	17,385,596
Total transactions with owners, unaudited	19,269,423	(1,537,853)	-	(345,974)	17,385,596
Balance at 30 June 2021, unaudited	106,709,423	(1,537,853)	(4,570)	58,294,494	163,461,494

The condensed consolidated interim statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 9 to 34.

1 Reporting entity

(a) Organisation and operations

Kazyna Capital Management Joint Stock Company (“the Company”) and its subsidiaries (together referred to as “the Group”) was established by the Government of the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan as a joint stock company on 7 March 2007. According to the resolution #516 of the Committee of Government Property and the Order #630 of the Ministry of Finance of the Republic of Kazakhstan dated 25 May 2013, all shares of the Company were transferred from Samruk-Kazyna National Welfare Fund JSC to Baiterek National Managing Holding JSC (the “Holding”). The ultimate principal shareholder of the Group is the Government of the Republic of Kazakhstan.

The principal activities of the Group are the establishment of and participation in investment funds and investments in financial instruments.

The Company’s registered office is 55A, Mangilik El Avenue, Yessil District, Nur-Sultan, Republic of Kazakhstan.

The principal subsidiaries are as follows:

Name	Country of incorporation	Principal activity	Ownership interest, %	
			Unaudited 30 June 2022	31 December 2021
Baiterek Venture Fund JSC*	Kazakhstan	Investment in private equity projects	100.00	100.00
BV Management LLP**	Kazakhstan	Investment portfolio management	100.00	100.00
Kazyna Seriktes B.V. ***	The Netherlands	Investments in funds	100.00	100.00
KCM Sustainable Development Fund C.V. (Subsidiary of Kazyna Seriktes B.V.) ****	The Netherlands	Investments in funds	100.00	100.00
QazTech Ventures JSC*****	Kazakhstan	Support and maintenance of business incubators, development of venture capital financing and management of distressed assets	-	100.00
Kazakhstan Project Preparation Fund LLP*****	Kazakhstan	Investment and infrastructure projects structuring and administration, including public-private partnership projects	-	100.00

* Baiterek Venture Fund JSC was established by the Decision of the Board of Directors of the Group on 23 March 2014.

** In November 2018, 100% interest in BV Management LLP was repurchased from the subsidiary of Baiterek Venture Fund JSC.

*** In June 2018 the Group restructured the private equity funds and foreign subsidiaries MRIF CASP C.V. and Kazyna Investment Holding Cooperatief U.A. The Group performed necessary arrangements to transfer the Group's assets to the special purpose vehicle (SPV) Kazyna Seriktes B.V., which is 100% subsidiary of the Group incorporated in the Netherlands. There were transferred assets of 10 PEFs (Falah Growth Fund L.P., Russian-Kazakh Nanotechnology Fund, Macquarie Russia & CIS Infrastructure Fund L.P., Kazakhstan Infrastructure Fund C.V., ADM Kazakhstan Capital Restructuring Fund C.V., Kazakhstan Growth Fund L.P., DBK Equity Fund C.V., Wolfensohn Capital Partners L.P., CITIC Kazyna Investment Fund I L.P. and Islamic Infrastructure Fund L.P.) Investments have been restructured to optimise a tax burden of the Group.

**** On 12 April 2019 an agreement for establishment of the Private Equity Fund "KCM Sustainable Development Fund C.V." (a subsidiary of the Group). Kazyna Seriktes B.V. is a limited partner having the ownership of 99.9% while BV Management JSC is the general partner with the ownership of 0.1%.

***** On 31 May 2021, the Management Board of Baiterek National Managing Holding JSC made decision (Minutes No. 28/21) to transfer to the Group 100% of ordinary shares of QazTech Ventures JSC and 97.7% interest in the charter capital of Kazakhstan Project Preparation Fund LLP. During 2021 a non-controlling interest in Kazakhstan Project Preparation Fund LLP was redeemed. As at 31 December 2021 the Company owns a 100% interest in the charter capital of Kazakhstan Project Preparation Fund LLP.

On 28 January 2022, the Department of the State Corporation "Government for Citizens" for Nur-Sultan registered the transformation of Kazakhstan Project Preparation Fund LLP into a joint-stock company.

On 30 March 2022 the Board of Directors of NMH Baiterek made decision (Minutes No.16/22) to reorganise Kazakhstan Project Preparation Fund JSC and QazTech Ventures JSC through merger with the Company.

As at 30 June 2022, the Company has determined that under IFRS 10 Kazakhstan Infrastructure Fund C.V. with 95% ownership is not a subsidiary since the Company does not have control over Kazakhstan Infrastructure Fund C.V. As at 31 December 2021, Kazakhstan Infrastructure Fund C.V. with 95% ownership is not also a subsidiary of the Company.

(b) Kazakhstan and CIS business environment

The Group's operations are primarily located in Kazakhstan. Consequently, the Group is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. The volatility in the global price of oil and the COVID-19 pandemic have also increased the level of uncertainty in the business environment.

In February 2022, because of the conflict between the Russian Federation and Ukraine, a number of countries imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well. As a result of sanctions, commodity and food prices have risen in many countries around the world, the established links between supply of resources have been disrupted, inflation also affects the prices, and analysts also forecast economic implications for the global industry.

Against the background of the aforementioned geopolitical events, the national currency of the Republic of Kazakhstan has weakened against world currencies.

In February 2022, the National Bank of Kazakhstan increased the base rate to 14% with a corridor of +/- 1%. According to press releases from the National Bank of Kazakhstan, the rapidly changing geopolitical and external economic environment in trading partner countries and the unprecedented level of uncertainty reduce significantly the possibility to make robust forecasts regarding the impact of the conflict on the economy of the Republic of Kazakhstan.

The Group management is in the process of quantitative assessment of further impact of said events on the Group's operations.

The condensed consolidated interim financial statements reflect management’s assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

2 Basis of accounting

(a) Statement of compliance

The accompanying condensed consolidated interim financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group’s consolidated financial statements as at and for the year ended 31 December 2021 (“last annual financial statements”). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual financial statements as at and for the year ended 31 December 2021. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

(b) Basis for measurement

The condensed consolidated interim financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and investment financial assets are measured at fair value.

(c) Functional and presentation currency

The functional currency of the Company and its consolidated subsidiaries is the Kazakhstan tenge (KZT) as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to them. The KZT is also the presentation currency for the purposes of this condensed consolidated interim financial statements. Financial statements presented in KZT are rounded to the nearest thousand.

(d) Use of estimates and judgments

In preparing these consolidated interim condensed financial statements, management has made judgement, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates. The significant judgements made by management in applying the Group’s accounting policies are the key sources of estimation uncertainty were the same as those that applied to the last annual financial statements, except for the significant judgements, estimates and assumptions areas described in Notes 9 and 18(b).

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the condensed consolidated interim financial statements for the period ended 30 June 2022 is included in the following notes:

- determining fair value of financial instruments measured at fair value through profit or loss – Notes 9 and 18.

(d) Changes in presentation

The Group changed presentation of cash and cash equivalents in the condensed interim statement of cash flows:

KZT’000	As previously reported	Effect of reclassifications	As reclassified
Net cash (used in)/from operating activities before income tax	(10,791,222)	12,896,972	2,105,750
Net cash flows (used in)/from operating activities	(11,441,820)	12,896,972	1,455,152
Net cash flows from/(used in) investing activities	2,304,266	(12,896,972)	(10,592,706)

3 Significant accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those the Group applied for preparation of the last consolidated financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022; they do not have a material effect on the Group's condensed consolidated interim financial information:

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*
- *COVID-19-Related Rent Concessions (Amendment to IFRS 16)*
- *Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);*
- *Annual Improvements to IFRS Standards 2018–2020 Cycle – various standards.*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);*
- *Reference to Conceptual Framework (Amendments to IFRS 3).*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1);*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);*
- *Definition of Accounting Estimates (Amendments to IAS 8).*

4 Interest income calculated using the effective interest method

	Unaudited For the six months ended 30 June 2022 KZT'000	Unaudited For the six months ended 30 June 2021 KZT'000
Interest income		
Interest on reverse PERO transactions with securities included in cash and cash equivalents	1,254,122	-
Investment financial assets	657,241	281,132
Cash and cash equivalents	333,612	176,786
Interest on loans	190,298	-
Amounts due from credit institutions	50,665	444,579
	2,485,938	902,497
Interest expense		
Debt securities issued	(579,645)	-
	(579,645)	-
	1,906,293	902,497

5 Net foreign exchange gain

	Unaudited For the six months ended 30 June 2022 KZT'000	Unaudited For the six months ended 30 June 2021 KZT'000
Unrealised foreign exchange gain	878,503	550,726
Realised foreign exchange loss	(16,175)	(814)
	862,328	549,912

6

6 Income tax expense

	Unaudited For the six months ended 30 June 2022 KZT'000	Unaudited For the six months ended 30 June 2021 KZT'000
Current tax expense	553,919	416,547
Movement in deferred tax assets/liabilities due to origination and reversal of temporary differences and movement in loss allowance.	(163,212)	(45,509)
Total income tax expense	390,707	371,038

The applicable tax rate for current and deferred tax is 20% (31 December 2021: 20%).

Reconciliation of effective tax rate for the six months ended 30 June 2022:

	Unaudited For the six months ended 30 June 2022 KZT'000	%	Unaudited For the six months ended 30 June 2021 KZT'000	%
Profit before income tax	766,331	100	5,140,119	100
Income tax at the applicable tax rate	153,266	20	1,028,024	20
Non-deductible loss/(non-taxable income) on revaluation of assets at fair value through profit or loss	468,800	61	(675,368)	(13)
Non-taxable income from securities	(62,528)	(8)	(57,010)	(1)
Other (non-taxable income)/non-deductible expenses	(168,831)	(22)	105,263	1
	390,707	51	371,038	7

Income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the condensed consolidated interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

Deferred tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities stated in the condensed consolidated interim financial statements for financial reporting purposes and the amounts used for taxation purposes give rise to deferred assets as at 30 June 2022 and deferred tax assets as at 31 December 2021.

The future tax benefits will only be realised if profit will be available against which the unused tax losses can be utilised and there are no changes to the law and regulations that adversely affect the Group's ability to claim the deductions in future periods.

As at 30 June 2022, the Company did not recognise the deferred tax assets of KZT 2,212,165 thousand (unaudited) (31 December 2021: KZT 2,212,165 thousand). As at 30 June 2022 and 31 December 2021, deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The tax losses expire in 2031.

7 Cash and cash equivalents

	Unaudited 30 June 2022 KZT'000	31 December 2021 KZT'000
Cash on current accounts and short-term deposits with banks		
- rated from BBB- to BBB+	9,146,733	2,376,511
- rated from BB- to BB+	34,355	3,022,410
- rated from B- to B+	931	-
- not rated	1,084,686	32,498
Total cash on current accounts and short-term deposits with banks	10,266,705	5,431,419
Reverse sale and repurchase agreements (“reverse repo”) with original maturity of less than three months - not rated	22,488,377	16,060,608
Total cash and cash equivalents	32,755,082	21,492,027

Disclosed ratings are based on the rating scale of Standard and Poor’s or their equivalents. None of cash and cash equivalents are impaired or past due.

As at 30 June 2022 and 31 December 2021, not rated cash and cash equivalents mostly comprise cash placed with Citibank Kazakhstan JSC.

As at 30 June 2022, the Group entered into reverse repurchase agreements at Kazakhstan Stock Exchange. The subject-matters of these agreements were securities issued by the Eurasian Development Bank, Ministry of Finance of the Republic of Kazakhstan and Kazakhstan Sustainability Fund JSC. The carrying amount of those agreements and fair value of securities pledged amounted to KZT 22,448,377 thousand (unaudited) and KZT 22,496,903 thousand (unaudited), respectively (31 December 2021: KZT 16,060,608 thousand and KZT 16,072,462 thousand), whose balance exceeds 10% of equity. As at 30 June 2022 other balances on the current accounts and overnight accounts do not exceed 10% of the Group’s equity.

As at 30 June 2022 (unaudited), all cash and cash equivalents were allocated to Stage 1 (31 December 2021: Stage 1).

8 Amounts due from credit institutions

	Unaudited 30 June 2022 KZT'000	31 December 2021 KZT'000
- rated from BBB- to BBB+	4,957,233	-
- rated from BB to BB+	2,742,269	5,429,496
- rated D	15,019,460	14,136,280
- not rated	4,002	-
Total amounts due from credit institutions	22,722,964	19,565,776
Allowance for expected credit losses	(15,027,190)	(14,148,468)
Amounts due from credit institutions, net of allowance for expected credit losses	7,695,774	5,417,308

The credit ratings are presented by reference to the credit ratings of Standard and Poor’s credit ratings agency or analogues of similar international agencies.

Movement in allowance for expected credit losses

KZT'000	Unaudited For the six months ended 30 June 2022	Unaudited For the six months ended 30 June 2021
Balance at the beginning of the reporting period	14,148,468	9,853,698
Net remeasurement of loss allowance	(4,999)	(141,042)
New financial assets originated or purchased as a result of acquisition	-	4,241,185
Foreign exchange difference	883,721	162,577
Balance at the end of the reporting period	15,027,190	14,116,418

As at 30 June 2021, the Group considers the amounts due from Kazinvestbank JSC for the amount of KZT 5,606,887 thousand (unaudited), and from Delta Bank JSC for the amount of KZT 9,412,573 thousand (unaudited) as credit-impaired, which were allocated to Stage 3, unaudited (31 December 2021: KZT 5,147,454 thousand and KZT 8,988,826 thousand, respectively). In respect of these balances, the Group recognises allowance for lifetime expected credit losses for the total amount of KZT 15,019,460 thousand, unaudited (31 December 2021: KZT 14,136,280 thousand).

The Group recognises allowance for expected credit losses at an amount equal to 12-month ECL (Stage 1) for other amounts due from credit institutions, except for the above balances. As at 30 June 2022, the Group had no balances in one bank (31 December 2021: no balances) exceeding 10% of equity.

9 Assets measured at fair value through profit or loss

Assets measured at fair value through profit or loss comprise the following assets:

	Unaudited 30 June 2022 KZT'000	Ownership interest, %	2021 KZT'000	Ownership interest, %
Investments in joint ventures				
AstanaGas KMG JSC	40,246,060	50.0	40,510,346	50.0
Baikonyr Solar LLP	4,504,636	49.0	4,401,582	49.0
KTK Service LLP	3,600,000	49.0	3,600,000	49.0
Makinskiy thermal insulation plant LLP	1,762,209	49.0	1,783,096	49.0
Arnau Agro LLP	1,000,000	49.0	1,000,000	49.0
Kazakhstan Hungarian Investment Private Equity Fund	765,084	49.5	364,630	49.5
VTB Capital 12BF Innovation Fund L.P.	273,507	49.0	620,757	49.0
Best Meat LLP	194,832	49.0	206,342	49.0
	52,346,328		52,486,753	
Investments in associates				
CITIC-KAZYNA Investment L.P.	17,571,779	49.9	14,567,988	49.9
EMC Agro LLP	3,298,915	24.47	3,017,088	24.47
PC KazrostEngineering Ltd	2,707,816	32.0	3,720,642	32.0
Kazakhstan Growth Fund L.P.	2,443,656	49.5	4,185,519	49.5
ADM KCRF L.P.	1,971,930	49.5	3,716,653	49.5
KazMyaso LLP	1,576,372	49.0	1,646,996	49.0
Temirbeton-1 LLP	454,721	22.0	498,625	22.0
Burundai Mineral Water LLP	100,153	45.3	141,041	45.3
	30,125,342		31,494,552	

	Unaudited 30 June 2022 KZT'000	Ownership interest, %	2021 KZT'000	Ownership interest, %
Other financial assets (equity)				
Kazakhstan Infrastructure Fund C.V.	33,624,253	95.2	32,717,971	95.2
AITAS LUX S.A.R.L	11,148,657	7.1	9,739,336	7.1
500 Startups V, L.P.	5,415,689	7.1	3,974,287	7.1
CAEPCO JSC	2,918,690	1.5	2,754,654	1.5
Quest Ventures Asia Fund II L.P.	2,827,550	30.7	2,674,638	30.7
DBK Equity Fund	961,288	3.0	924,785	3.0
BRBAPK LLP	714,787	8.3	757,130	8.3
BV Management LLP	247,224	100.0	181,350	100.0
Wellington Partners Ventures III Fund L.P.	173,586	5.1	174,522	5.1
TTS Astana-2007 K LLP	136,419	7.2	180,996	7.2
Flagship Ventures Fund 2004 L.P.	8,017	6.6	7,341	6.6
Falah Growth Fund L.P.	-	10.0	355,690	10.0
	58,176,160		54,442,700	
Other financial instruments measured at fair value through profit or loss	24,094,785		27,105,977	
Total assets measured at fair value through profit or loss	164,742,615		165,529,982	

The fair value measurement of these assets has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The valuation technique and significant unobservable inputs used in measuring the fair value of these assets are described in Note 18.

As at 30 June 2022 and 31 December 2021, the Group's interest in Quest Ventures Fund II Asia (the "Fund") is 30.7% (unaudited). In accordance with the partnership agreement, the Fund is managed by the General Partner, with no involvement of the limited partners.

The Group, as a limited partner, cannot participate in making any decisions or influence the activities of the Fund. In accordance with the Agreement, a representative of the Group may participate in the investment committee only in capacity of an observer. In addition, the Group does not have the right to make unilaterally decisions on the reassignment of the General Partner; this decision can only be made with the general consent of 50% of the limited partners. In relation to the above, under IAS 28 *Investments in Associates and Joint Ventures*, the Group believes that it does not have a significant impact on the Fund's operations as at 30 June 2022 and accounts for investments in the Fund in accordance with IFRS 9 *Financial Instruments*.

10 Loans to customers

	Unaudited 30 June 2022 KZT'000	31 December 2021 KZT'000
Loans to customers measured at amortised cost	3,773,193	5,867,054
	3,773,193	5,867,054

During the six months ended 30 June 2022 the Group issued a loan of nominal value of KZT 2,000,000 thousand bearing a nominal interest rate of 8%. Fair value of the loan at the date of initial recognition was determined using the market rate of 14.81% per annum. During the six months ended 30 June 2022, the Group recognised loss of KZT 430,331 thousand on initial recognition of financial assets carried at amortised cost within other operating expenses.

As at 31 December 2021, loans to customers include a loan with a nominal value of KZT 4,000,000 thousand and interest rate of 12% per annum, issued in accordance with the terms of the state programme "Employment Roadmap 2020-2021." The loan was initially recognised at fair value using a market discount rate of 13.56%. The difference between the fair value on initial recognition and the nominal value of the loan of KZT 281,906 thousand was recognised in the consolidated statement of profit or loss for the year ended 31 December 2021 within other operating expenses.

During the six months ended 30 June 2022, this loan was fully repaid ahead of schedule, as a result the Group increased a government grant liabilities for the amount of discount on the loan issued as at the repayment date, i.e. KZT 281,906 thousand (Note 13).

As at 30 June 2022 (unaudited), loans to customers were allocated to Stage 1 (31 December 2021: Stage 1).

10 Investment financial assets

	Unaudited 30 June 2022 KZT'000	31 December 2021 KZT'000
Investment debt instruments at amortised cost	6,963,849	12,629,020
Investment debt instruments at fair value through profit or loss	433,851	386,789
Investment debt instruments at fair through other comprehensive income	393,846	512,370
Total investment financial assets	7,791,546	13,528,179
	Unaudited 30 June 2022 KZT'000	31 December 2021 KZT'000
Investment financial assets at amortised cost		
Notes of the National Bank of the Republic of Kazakhstan		
Notes of the National Bank of the Republic of Kazakhstan	4,174,607	10,145,776
Total notes	4,174,607	10,145,776
POCI-assets		
Bonds of First Heartland Jusan Bank JSC (POCI-assets)	2,789,242	2,483,244
Total POCI-assets	2,789,242	2,483,244
Total investment financial assets at amortised cost	6,963,849	12,629,020

As at 30 June 2022, unaudited, and 31 December 2021, investment securities stated at amortised cost relate to Stage 1 of credit risk, except for the bonds of First Heartland Jusan Bank JSC relating to instruments that were credit-impaired on initial recognition.

As at 30 June 2022 and 31 December 2021, investment debt securities measured at fair value through profit or loss comprise the corporate bonds.

As at 30 June 2022 and 31 December 2021, investment debt instruments measured at fair value through other comprehensive income comprise treasury bonds of the Ministry of Finance of the Republic of Kazakhstan and were allocated to State 1, unaudited (31 December 2021: Stage 1).

12 Debt securities issued

As at 30 June 2022, issued debt securities of KZT 40,152,743 thousand, unaudited, (31 December 2021: KZT 40,150,736 thousand) comprise unquoted bonds repayable on demand and bearing a coupon interest of 0.01% per annum. Total maturity of bonds is 15 years.

To finance agro-industrial complex projects as part of the Employment Roadmap for 2020-2021, the Board of Directors of the Company, by the decision of its in-person meeting held on 29 June 2021 (Minutes No.10/21) approved the terms of issue of bonds in two tranches for the total amount of KZT 33,700,000 thousand. On 27 October 2021, Baiterek NMH JSC and the Company entered into a transaction at the Kazakhstan Stock Exchange to purchase and sell the Company's bonds under the first tranche in the amount of KZT 12,800,000 thousand, the bonds have maturity of 10 years and bear a fixed interest rate of 7.1% per annum. The effective interest rate of these liabilities is 11.76%. The carrying amount of liabilities on bonds issued as at 30 June 2022 was KZT 10,128,710 thousand (unaudited) (at 31 December 2021: KZT 10,128,710 thousand).

13 Government grants

	Unaudited For the six months ended 30 June 2022 KZT'000
Balance at beginning of the year	1,423,476
Increase in liability for government grant after early repayment of the loan (Note 10)	281,906
Income from utilisation of government grant	(71,174)
Balance at the end of the year	1,634,208

The Group recognised as a liability for government grants the amount of benefits provided by the bond issue (Note 10) for the purposes of implementing the government programme "Employment Roadmap 2020-2021." The Group has an obligation to allocate benefits to the ultimate borrowers through setting low interest rate on loans.

14 Investment related commitments

The Group purchases liabilities in its portfolio via subsidiary Seriktes Kazyna B.V. The Group diversifies its portfolio of investments by allocating investments by managers, underlying industries, countries and investment stages.

The remaining contractual amounts, net of paid liabilities, are set out in the following table:

	Unaudited 30 June 2022 KZT'000	2021 KZT'000
Contractual amount		
Kazakhstan Growth Fund L.P.	18,638,801	17,142,054
CITIC-KAZYNA Investment L.P.	15,199,696	14,567,378
ENIF	14,110,200	12,950,100
Kazakhstan Infrastructure Fund C.V.	11,551,107	11,587,817
KCM Sustainable Development Fund I	6,332,194	6,453,983
Da Vinci	4,608,945	4,252,848
Kazakhstan Hungarian Investment Private Equity Fund	3,375,572	3,375,572
VTB Capital Innovation Fund L.P.	3,307,481	2,632,409
ADM Kazakhstan Capital Restructuring Fund CV	430,713	395,301
DBK Equity Fund C.V.	125,322	267,945
Kazakhstan Growth Fund L.P.	83,965	281,988
Islamic Infrastructure Fund Limited Partnership	-	482,297
	77,763,996	74,389,692

In accordance with the foundation agreements of the private equity funds, in case of failure to pay the amount of capital commitments after the manager issues a request for payment, certain sanctions may be applied against the Group including delaying the payment of interest, suspension of income distributions, suspension of rights to participate in the corporate management of funds and forced sale of the Group's share to co-investors or third parties. As at 30 June 2022 (unaudited) and 31 December 2021, the Group had no overdue investment commitments.

15 Share capital and reserves

(a) Issued capital

As at 30 June 2022 the authorised share capital comprises 55,000,000 ordinary shares (unaudited) (31 December 2021: 55,000,000 ordinary shares). The issued and paid share capital comprises 53,550,003 ordinary shares (31 December 2021: 53,550,002 ordinary shares), of which 1 ordinary share of a value of KZT 5,000,000 thousand the Group placed in accordance with the decision of the Board of Directors (Minutes No.01/22 dated 20 January 2022).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Group.

(b) Dividends

In accordance with Kazakhstan legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the financial statements prepared in accordance with IFRS or net profit for the current year if there is an accumulated loss brought forward. A distribution cannot be made if this would result in negative equity or the Group's insolvency. In accordance with the legislation of the Republic of Kazakhstan, as at the reporting date, total distributable reserves amounted to KZT 53,528,197 thousand (unaudited) (31 December 2021: KZT 54,242,387 thousand).

During the six months ended 30 June 2022, dividends of KZT 1,089,814 thousand (unaudited) have been declared and paid, which amounted to KZT 20.35 per share (2021: the Group neither declared nor distributed dividends for 2021).

(c) Net assets per ordinary shares

According to the Rules of Listing of the Kazakh Stock Exchange (the Rules), the Group disclosed net assets per ordinary share calculated in accordance with these Rules:

	Unaudited 30 June 2022 KZT'000	2021 KZT'000
Net assets per ordinary share	<u>3.10</u>	<u>3.02</u>

As at 30 June 2022, net assets per ordinary share are calculated by dividing the amount of consolidated equity decreased by the carrying amount of intangible assets, which the Group will not be able to sell to third parties, of KZT 166,108,079 thousand (unaudited) (31 December 2021: KZT 161,967,972 thousand) by the total number of outstanding ordinary shares of 53,550,003 (31 December 2021: 53,550,002 ordinary shares).

16 Contingencies**(a) Insurance**

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available.

The Group does not have full coverage for its premises and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on its property or relating to operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Taxation contingencies in Kazakhstan

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, including opinions with respect to IFRS treatment of revenues, expenses and other items in the condensed consolidated interim financial statements. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines, penalties and interest charges.

A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in the Republic of Kazakhstan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Kazakhstan tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

17 Related party transactions

(a) Control relationships

The Group's parent company is Baiterek National Managing Holding JSC. The Group is ultimately controlled by the Government of the Republic of Kazakhstan.

(b) Transactions with members of the Board of Directors and the Management Board

Total remuneration included in personnel expenses for the six-month periods ended 30 June 2022 and 30 June 2021 is as follows:

	Unaudited For the six months ended 30 June 2020 KZT'000	Unaudited For the six months ended 30 June 2020 KZT'000
Members of the Board of Directors	14,912	14,913
Members of the Management Board	107,769	79,170
Total	122,681	94,083

These amounts include cash and non-cash remuneration of the members of the Board of Directors and Management Board.

(c) Transactions with other related parties

Transactions with government-related entities

The Group transacts with a number of entities that are controlled by the Government of Kazakhstan. The Group applies the exemption in IAS 24 *Related party disclosures* that allows to present reduced related party disclosures regarding transactions with government-related entities.

Other related parties include state controlled companies, national companies and subsidiaries of national companies. The outstanding balances and the related average nominal interest rates as at 30 June 2022 and related profit or loss amounts of transactions for the six months ended 30 June 2022 with other related parties (unaudited) are as follows:

	Parent company		Investments in joint ventures		Investments in associates		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000
Consolidated statement of financial position as at 30 June 2022 (unaudited)											
Assets											
Cash and cash equivalents	-	-	-	-	-	-	-	-	22,488,377	-	22,488,377
Assets measured at fair value through profit or loss											
<i>Investments in joint ventures</i>	-	-	52,346,328	-	-	-	-	-	-	-	52,346,328
<i>Investments in associates</i>	-	-	-	-	30,125,342	-	-	-	-	-	30,125,342
<i>Other financial assets</i>	-	-	-	-	475,064	10.00	3,443,189	12.00	-	-	3,918,253
Investment financial assets	-	-	-	-	-	-	-	-	4,568,453	9.47	4,568,453
Deferred tax asset	-	-	-	-	-	-	-	-	14,926	-	14,926
Current tax asset	-	-	-	-	-	-	-	-	1,491,860	-	1,491,860
Liabilities											
Debt securities issued	(10,128,710)	7.10	-	-	-	-	-	-	(40,152,743)	0.01	(50,281,453)
Government grants	-	-	-	-	-	-	-	-	(1,634,208)	-	(1,634,208)
Other liabilities	-	-	-	-	-	-	(143,232)	-	-	-	(143,232)

	Parent company		Investments in joint ventures		Investments in associates		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000
Consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2022 (unaudited)											
Interest income	-	-	-	-	-	-	38,766	-	1,595,634	-	1,634,400
Interest expense	(577,597)	-	-	-	-	-	-	-	(2,048)	-	(579,645)
Net expense on assets measured at fair value through profit or loss	-	-	(345,657)	-	(1,369,210)	-	(117,402)	-	(39,810)	-	(1,872,079)
Net foreign exchange gain	-	-	-	-	-	-	-	-	37,960	-	37,960
General and administrative expenses	-	-	-	-	-	-	(110,293)	-	-	-	(110,293)
Income tax expense	-	-	-	-	-	-	-	-	(390,707)	-	(390,707)

As at 31 December 2021, the outstanding balances and average nominal interest rates and related profit or loss amounts of transactions with other related parties for the six months ended 30 June 2021 are as follows:

	Parent company		Investments in joint ventures		Investments in associates		Other subsidiaries of the Parent Company		Entities controlled by the Government of the Republic of Kazakhstan		Total
	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000	Nominal average interest rate	KZT'000
Consolidated statement of financial position as at 31 December 2021											
Assets											
Cash and cash equivalents	-	-	-	-	-	-	294,495	-	16,060,608	-	16,355,103
Assets measured at fair value through profit or loss											
<i>Investments in joint ventures</i>	-	-	52,486,753	-	-	-	-	-	-	-	52,486,753
<i>Investments in associates</i>	-	-	-	-	31,494,552	-	-	-	-	-	31,494,552
<i>Other financial assets</i>	-	-	-	-	519,156	10.00	3,560,591	12.00	-	-	4,079,747
Investment financial assets	-	-	-	-	-	-	-	-	10,658,146	9.47	10,658,146
Current tax asset	-	-	-	-	-	-	-	-	1,881,907	-	1,881,907
Other assets	-	-	-	-	-	-	5,291	-	66,880	-	72,171
Liabilities											
Debt securities issued	(9,581,437)	7.10	-	-	-	-	-	-	(40,150,736)	0.01	(49,732,173)
Government grants	-	-	-	-	-	-	-	-	(1,423,476)	-	(1,423,476)
Deferred tax liability	-	-	-	-	-	-	-	-	(148,286)	-	(148,286)
Other liabilities	-	-	-	-	-	-	(148,736)	-	(5,969)	-	(154,705)

	Investments in joint ventures		Investments in associates		Fellow subsidiaries		Entities controlled by the Government of the Republic of Kazakhstan		Total
		Nominal average interest rate		Nominal average interest rate		Nominal average interest rate		Nominal average interest rate	
	KZT'000		KZT'000		KZT'000		KZT'000		KZT'000
Consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2021 (unaudited)									
Interest income	-	-	-	-	-	-	33,956	-	33,956
Interest expense	-	-	-	-	-	-	(2,008)	-	(2,008)
Net income on assets at fair value through profit or loss	82,354	-	5,707,878	-	388,672	-	-	-	6,178,904
Net gain on derivative financial instruments	-	-	-	-	54,139	-	-	-	54,139
Net foreign exchange loss	-	-	-	-	-	-	(5,305)	-	(5,305)
General and administrative expenses	-	-	-	-	(56,977)	-	(541)	-	(57,518)
Income tax expense	-	-	-	-	-	-	(371,038)	-	(371,038)

17 Risk management, corporate governance and internal control

Management of risk is fundamental to the Group's business and forms an essential element of the Group's operations. The major risks faced by the Group are those related to market risk, credit risk and liquidity risk.

As at 30 June 2022, there were significant changes in the interest rate risk, foreign currency risk, credit risk and liquidity risk as compared with 31 December 2021.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Other price risk arises from the Group's investments in equity instruments, including shares of private equity funds, whose valuation is based on the valuation of the underlying portfolio companies of those private equity funds.

The Group invests in such assets in order to take advantage of their long-term growth. All investments present a risk of loss of capital. All of the private equity funds and their underlying investments are subject to the risks inherent in their industries. Moreover, established markets do not exist for these holdings, and they are therefore considered illiquid.

The Group mainly relies on the management of the private equity funds in mitigation of the price risk. The management of the private equity funds moderates this risk through careful selection and review of the business and operational matters before the investment decision are implemented. They also maintain regular contact with the management of the underlying companies. The performance of the management of the private equity funds are reported to the Group on a quarterly basis. As at 30 June 2022 these reports on performance of the private equity funds management for the 1st quarter of 2022 are accessible for the Group.

The Group's profit and loss and equity is affected by changes in the fair value of its investments. For example, a 10% increase in the equity prices of the funds, would increase profit or loss and equity by KZT 14,064,783 thousand (unaudited) for the six months ended 30 June 2022 (for the six month ended 30 June 2021: KZT 13,884,069 thousand, unaudited). A 10% decrease in these prices would have equal but opposite effect.

Moreover, the Group's profit and loss and equity is affected by changes in the fair value of its debt financial instruments measured at fair value through profit or loss. For example, a 1% increase in the discount rate would have decreased profit or loss and equity by KZT 683,896 thousand for the six months ended 30 June 2022 (unaudited) (the six months ended 30 June 2021: KZT 584,208 thousand, unaudited).

The Group is committed and invests in private equity funds that are not traded in an active market and are therefore considered illiquid. On the basis of the Group's commitments, the private equity funds are able to call on such commitments from the Group with a notice period on average being 10 days. The amount of these calls may exceed the available cash and cash equivalents at any point in time.

18 Fair value of financial instruments

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps.

For more complex instruments, such as investments in private equity funds, the Group uses annual audited financial statements and quarterly management reports of underlying investment funds which use proprietary valuation models. To measure the fair values of investments in private equity funds as at 30 June 2022 and 31 December 2021 the Group uses proprietary valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include equity securities for which there is no active market.

(a) Accounting classifications and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 30 June 2022 (unaudited):

KZT'000	Financial instruments at fair value through profit or loss	Financial liabilities at amortised cost	Financial instruments at fair value through other comprehensive income	Financial liabilities at amortised cost	Total carrying amount	Fair value
30 June 2022						
Financial instruments measured at amortised cost						
Debt instruments	24,528,636	-	393,846	-	24,922,482	24,922,482
Equity securities	58,176,160	-	-	-	58,176,160	58,176,160
	82,704,796	-	393,846	-	83,098,642	83,098,642
Financial assets not measured at fair value						
Cash and cash equivalents	-	32,755,082	-	-	32,755,082	32,755,082
Amounts due from credit institutions	-	7,695,774	-	-	7,695,774	7,695,774
Debt securities	-	6,963,849	-	-	6,963,849	6,484,590
Loans to customers	-	3,773,193	-	-	3,773,193	3,519,448
Other financial assets	-	166,444	-	-	166,444	166,444
	-	51,354,342	-	-	51,354,342	50,621,338
Financial liabilities not measured at fair value						
Debt securities issued	-	-	-	50,281,453	50,281,453	48,182,264
Other financial liabilities	-	-	-	367,508	367,508	367,508
	-	-	-	50,648,961	50,648,961	48,549,772

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2021:

	Financial instruments at fair value through profit or loss	Financial assets at amortised cost	Financial instruments at fair value through other comprehensive income	Financial liabilities at amortised cost	Total carrying amount	Fair value
KZT'000						
31 December 2021						
Financial instruments not measured at amortised cost						
Debt securities	27,492,766	-	512,370	-	28,005,136	28,005,136
Equity securities	54,442,700	-	-	-	54,442,700	54,442,700
	81,935,466	-	512,370	-	82,447,836	82,447,836
Financial assets not measured at fair value						
Cash and cash equivalents	-	21,492,027	-	-	21,492,027	21,492,027
Amounts due from credit institutions	-	5,417,308	-	-	5,417,308	5,417,308
Debt securities	-	12,629,020	-	-	12,629,020	13,330,414
Loans to customers	-	5,867,054	-	-	5,867,054	5,867,054
Other financial assets	-	153,248	-	-	153,248	153,248
	-	45,558,657	-	-	45,558,657	46,260,051
Financial liabilities not measured at fair value						
Debt securities issued	-	-	-	49,732,173	49,732,173	49,473,110
Other liabilities	-	-	-	644,669	644,669	644,669
	-	-	-	50,376,842	50,376,842	50,117,779

(b) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuations. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

The Group has a control framework with respect to the measurement of fair values. Specific controls include:

- verification of observable pricing;
- a review and approval process for new models and changes to models
- quarterly calibration and back testing of models against observed market transactions
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared to previous period.

The table below analyses financial instruments measured at fair value at 30 June 2022 (unaudited), by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the condensed consolidated interim statement of financial position:

KZT'000	Level 1	Level 2	Level 3	Total
Assets measured at fair value through profit or loss				
Investments in joint ventures	-	-	52,346,328	52,346,328
Investments in associates	-	-	30,125,342	30,125,342
- Equity financial instruments	-	-	58,176,160	58,176,160
- Debt financial instruments	-	-	24,094,784	24,094,784
Investment financial assets				
Debt instruments	393,846	-	433,851	827,697
	393,846	-	165,176,465	165,570,311

The table below analyses financial instruments measured at fair value at 31 December 2021, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

KZT'000	Level 1	Level 2	Level 3	Total
Assets measured at fair value through profit or loss				
- Investments in joint ventures	-	-	52,486,753	52,486,753
- Investments in associates	-	-	31,494,552	31,494,552
- Equity instruments	-	-	54,442,700	54,442,700
- Debt instruments	-	-	27,105,977	27,105,977
Investment financial assets				
- Debt instruments	512,370	-	386,789	899,159
	512,370	-	165,916,771	166,429,141

The following table shows a reconciliation for the six months ended 30 June 2022 for fair value measurements in Level 3 of the fair value hierarchy:

KZT'000	Joint ventures	Associates	Other financial assets	Investment debt instruments at fair value through profit or loss
Balance at the beginning of the period	52,486,753	31,494,552	81,548,677	386,789
Net gain recognised in profit or loss (unaudited)	(345,657)	(1,369,210)	827,440	47,062
Acquisitions, unaudited	205,232	-	1,489,648	-
Disposals, unaudited	-	-	(1,594,820)	-
Balance at the end of the period, unaudited	52,346,328	30,125,342	82,270,945	433,851

The following table shows a reconciliation for the six months ended 30 June 2021 for fair value measurements in Level 3 of the fair value hierarchy:

KZT'000	Joint ventures	Associates	Other financial assets	Investment debt instruments at fair value through profit or loss
Balance at the beginning of the period	46,929,140	31,164,044	60,908,045	-
Acquisition of subsidiaries, unaudited	-	-	4,302,088	327,611
Net gain recognised in profit or loss, unaudited	70,009	5,707,879	(1,668,046)	59,178
Acquisitions, unaudited	-	5,250,000	13,194,573	-
Disposals, unaudited	-	(462,770)	(3,005,738)	-
Balance at the end of the period, unaudited	46,999,149	41,659,153	73,730,922	386,789

The Group's investments in equity investments categorised into Level 3 comprise holdings in investment funds and non-controlling interests in other companies. These funds invest primarily in private equity, through purchasing unlisted ordinary shares of businesses in emerging markets (predominantly Kazakhstan and Russia).

The following table shows the most significant portfolio investments held by the investment funds, the valuation approach used to value these portfolio investments, and the sensitivity of the appraisers' fair value estimate to changes in key assumptions.

The table below sets out information about significant unobservable inputs used at the end of the period in the measuring of the most significant underlying portfolio companies of private equity funds categorised as Level 3 in the fair value hierarchy as at 30 June 2022 (unaudited), together with a sensitivity analysis for shifts in these inputs which the Group considers were reasonably possible at the reporting date, assuming all other variables remain unchanged.

Type of instrument	Industry in which company operates	Unaudited Fair value of Group's share	Valuation technique	Significant unobservable inputs	Average value for the group	Effect from changes in significant unobservable inputs
Unquoted equity instruments	Transport and logistics	65,302,131	Income approach, discounted cash flows	EBITDA margin	18.47-29.89%	If EBITDA margin increases, the estimated fair value of investment would increase
	Power engineering	23,378,330	Income approach, discounted cash flows	Credit risk margin	5.77%	If a discount rate increases, the estimated fair value of investment would decrease
	Agriculture	20,532,343	Income approach, discounted cash flows	EBITDA margin	15.46%-25.63%	If EBITDA margin increases, the estimated fair value of investment would increase
	Alternative power engineering	12,600,235	Income approach, discounted cash flows	EBITDA margin	74.55%-87.22%	If EBITDA margin increases, the estimated fair value of investment would increase
	Manufacturing	2,707,816	Income approach, discounted cash flows	EBITDA margin Revenue growth	7.02%; 5%	If EBITDA margin increases and revenue grows, the estimated fair value of investment would increase
	Medical diagnostics	869,433	Income approach, discounted cash flows	EBITDA margin	18.18%	If EBITDA margin increases, the estimated fair value of investment would increase
	Other equity instruments	15,257,542				
Debt instruments		24,094,785	Discounted contractual cash flows	Credit risk margin	2.12%-12.61%	If a market discount rate increases, the fair value of investments would decrease
Total		164,742,615				

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The table below sets out information about significant unobservable inputs used at year end in the measuring of the most significant underlying portfolio companies of private equity funds categorised as Level 3 in the fair value hierarchy as at 31 December 2021, together with a sensitivity analysis for shifts in these inputs which the Group considers were reasonably possible at the reporting date, assuming all other variables remain unchanged.

Type of instrument	Industry in which company operates	Unaudited Fair value of Group's share	Valuation technique	Significant unobservable inputs	Average value for the group	Effect from changes in significant unobservable inputs
Unquoted equity instruments	Transport and logistics	64,281,434	Income approach, discounted cash flows	EBITDA margin	15.26%-43.64%	If EBITDA margin increases, the estimated fair value of investment would increase
	Power engineering	23,214,294	Income approach, discounted cash flows	Credit risk margin	5.77%	If a discount rate increases, the estimated fair value of investment would decrease
	Agriculture	18,914,312	Income approach, discounted cash flows	EBITDA margin	18.33%-26.50%	If EBITDA margin increases, the estimated fair value of investment would increase
	Alternative power engineering	11,822,577	Income approach, discounted cash flows	EBITDA margin	74.55%-87.22%	If EBITDA margin increases, the estimated fair value of investment would increase
	Manufacturing	3,720,642	Income approach, discounted cash flows	EBITDA margin Revenue growth	6.74%; 5%	If EBITDA margin increases and revenue grows, the estimated fair value of investment would increase
	Medical diagnostics	1,883,226	Income approach, discounted cash flows	EBITDA margin	11.91%-24.32%	If EBITDA margin increases, the estimated fair value of investment would increase
	Other	14,587,520				
Debt instruments		27,105,977	Discounted contractual cash flows	Credit risk margin	1.43%-13.21%	If credit risk increases, the fair value of investments would decrease
Total		165,529,982				

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects as at 30 June 2022 and 31 December 2021:

KZT'000	Effect on fair value as at 30 June 2022		Effect on fair value as at 31 December 2021	
	Favourable	Unfavourable	Favourable	Unfavourable
Unquoted equity instruments				
Transport and logistics	1,442,300	(1,442,163)	1,595,563	(1,595,563)
Power engineering	747,997	(716,017)	661,461	(633,615)
Agriculture	1,333,338	(1,329,548)	1,309,048	(1,308,366)
Alternative power engineering	166,258	(166,258)	166,258	(166,258)
Manufacturing (EBITDA margin)	437,478	(249,732)	780,814	(558,892)
Manufacturing (revenue growth)	229,155	(229,155)	30,167	(359,350)
Medical diagnostics	92,374	(92,213)	73,772	(73,479)
Debt instruments	643,194	(617,197)	740,790	(708,840)
Total	5,092,094	(4,842,283)	5,357,873	(5,404,363)

The favourable and unfavourable effects of using reasonably possible alternative assumptions are calculated by recalibrating the model values:

- for debt instruments measured at FVTPL: decrease and increase of the discount rate by 1%;
- for equity securities measured through profit or loss: decrease and increase of the discount rate by 1%;
- for investments measured through profit or loss of the industry:
 - decrease and increase of the weighted average cost of capital by 1%;
 - decrease and increase of the revenue growth rate by 5%.

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 30 June 2022:

Unaudited KZT'000	Level 2	Total fair values	Total carrying amount
Assets			
Cash and cash equivalents	32,755,082	32,755,082	32,755,082
Amounts due from credit institutions	7,695,774	7,695,774	7,695,774
Investment financial assets	6,484,590	6,484,590	6,963,849
Loans to customers	3,773,193	3,519,448	3,773,193
Other financial assets	166,444	166,444	166,444
Debt securities issued	(48,182,264)	(48,182,264)	(50,281,453)
Other financial liabilities	367,508	367,508	367,508

The following table analyses the fair value of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised as at 31 December 2021:

KZT'000	Level 2	Total fair values	Total carrying amount
Assets			
Cash and cash equivalents	21,492,027	21,492,027	21,492,027
Amounts due from credit institutions	5,417,308	5,417,308	5,417,308
Loans to customers	5,867,054	5,867,054	5,867,054
Investment financial assets	13,330,414	13,330,414	12,629,020
Other financial assets	153,248	153,248	153,248
Debt securities issued	(49,473,110)	(49,473,110)	(49,732,173)
Other financial liabilities	(644,669)	(644,669)	(644,669)